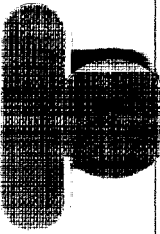


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**MEMORANDUM CONCERNING ALLEGATIONS AND RELATIONSHIPS
BETWEEN MR. McCONE AND MR. HENRY KAISER**

In The Washington Post, January 11, 1962, Drew Pearson quoted testimony by Mr. McCone before the Joint Committee on Atomic Energy on July 3, 1958 (proper date was July 2) as indicating a business relationship between Mr. McCone and Mr. Kaiser inasmuch as a jointly owned company, 25 percent owned by the Joshua Hendy Corporation and 50 per cent by Kaiser Aluminum, had a long-range contract to transport Kaiser's bauxite from Jamaica to Baton Rouge. Pearson then quotes testimony before the Senate Armed Services Committee's Preparedness Subcommittee No. 1 in hearings concerning the award of a C-119 contract to Kaiser in which Mr. McCone stated he had no business relationship with Kaiser for years. Pearson by inference indicates there is a contradiction in these two statements. It should be noted that the statement made before the Senate Armed Services Subcommittee was made in 1953, at which time neither Mr. McCone nor business enterprises under his control had any business relationship with Mr. Kaiser or his enterprises and had not had any such relationship for over seven years. Subsequent to these hearings and prior to the 1958 confirmation hearings, the Joshua Hendy Corporation bid on the bauxite contract and at the time of the bid there was still no business relationship between Joshua Hendy and Kaiser Aluminum. However, the Joshua Hendy bid being acceptable, in working out the undertaking Joshua Hendy and Kaiser Aluminum established a jointly owned company for the performance of the contract. This was approximately five years after Mr. McCone left the position of Under Secretary of the Air Force.